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EX PARTE OR LATE FILED

USWEST

Glenn Brown
Executive Director-
Public Policy

March 13, 1997

RECEIVED

MAR 13 1997

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street N.W., Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

RE: cc Docket 96-262

Dear Mr. Caton:

March 12, 1997, Robert McKenna, Corporate Counsel U S WEST, Sandra Holmquist, Director, Product Management and the undersigned met with John Nakahata, Acting Chief, Competition Division to discuss the subject of Access Reform. The attached materials were used during our presentation.

In accordance with Commissioner Rule 1.1206(a)(1), two copies of the letter are being filed with you for inclusion in the public record. Acknowledgment and date of receipt are requested. A copy of this transmittal letter is provided for this purpose. Please contact me if you have questions.

Sincerely,



Attachments

No. of Copies rec'd 041
List A B C D E

ACCESS REFORM PRINCIPLES

- **AS LONG AS SEPARATIONS ASSIGNS COST TO THE INTERSTATE JURISDICTION, LECs ARE ENTITLED AS A MATTER OF LAW TO A FEDERAL REGULATORY STRUCTURE WHICH PERMITS RECOVERY OF THESE ASSIGNED COSTS**
- **HISTORICAL TRENDS ON WHICH PRIOR PRODUCTIVITY FACTORS HAVE BEEN DEVELOPED WILL BE FUNDAMENTALLY ALTERED BY ACCESS REFORM**
- **ANY CHANGES IN PRODUCTIVITY FACTORS MUST BE BASED ON AN ECONOMICALLY SOUND STUDY**
- **IF A PRESCRIPTIVE APPROACH IS ADOPTED, ACCESS RATES SHOULD MOVE TO THE TARGET RATE IN ONE STEP**
- **IXCs MUST NOT BE ABLE TO TOTALLY WALK AWAY FROM HISTORICAL IMPLICIT SUPPORT ON DAY ONE**

KEY CONSIDERATIONS FOR UNIVERSAL SERVICE FUNDING

- **FUNDING SHOULD BE BASED ON BOTH STATE AND INTERSTATE REVENUES**
- **FUNDING SHOULD COME FROM A SURCHARGE ON END USER REVENUES**
- **IF FUNDING IS BASED ON GROSS REVENUES NET OF PAYMENTS TO OTHER CARRIERS, ILEC MUST BE ABLE TO PASS UNIVERSAL SERVICE COSTS THROUGH TO UNE AND ACCESS CUSTOMERS**
- **WITHOUT PASS-THROUGH, FUNDING IS ILLUSORY**
- **ACCESS REDUCTIONS SHOULD ONLY BE BASED ON NET RECEIPTS FROM UNIVERSAL SERVICE FUND**

ACCESS REFORM/UNIVERSAL SERVICE SCENARIOS

	U S WEST COMMENTS	"STRAW PROPOSAL"	SCENARIO 1*	SCENARIO 2*	
HIGH COST FUND		\$7.4B	\$4.0B	\$14.5B	
INTERSTATE PORTION		\$1.8 to \$5.0B	\$4.0B	\$7.25B	
ACCESS TERM ORIG	\$0.012/min \$0.012/min	\$0.01/min \$0.01/min	phase 1 \$0.017/min unchanged phase 2 \$0.01/min \$0.017/min phase 3 \$0.01/min \$0.01/min	\$0.01/min \$0.01/min	
PER-LOOP CHARGE	CCL and NTS COE	Residual	phase 1 \$0.60/single none/multi phase 2 \$1.20/single none/multi phase 3 no cap	Residual	
OTHER PROVISIONS	Bulk-bill to IXC's for remainder of TIC until separations reform.	Stimulation from reduction in access rates.	Funding based on gross revenues less payments to other carriers.	Funding based on retail revenues.	
SLC INCREASE	Increase appropriate but bulk-bill is second- best solution	No	No	No	

* As described in February 28, 1997 letter from Bob Blau (Bell South).

U S WEST 3/12/97

“TAKINGS” AND “GIVINGS”

- **“GIVINGS” CANNOT BE CHARGED AS COMPENSATION FOR “TAKINGS” UNLESS THERE IS A DELIBERATE, SPECIFIC, QUANTIFIABLE AND LAWFUL MATCH**
- **A CONFISCATORY RATE CANNOT BE MADE LAWFUL BY EXTERNAL FACTORS**
- **CELLULAR LICENSES**
 - NO NEXUS
 - NO PROPERTY INTEREST IN LICENSE
 - STATUTORY PUBLIC INTEREST TEST
- **YELLOW PAGES**
 - NO NEXUS
 - FIRST AMENDMENT RIGHTS
- **SECTION 271 RELIEF**
 - STATUTE DOES NOT CONTEMPLATE AS COMPENSATION
 - QUID-PRO-QUO FOR OPENING LOCAL MARKETS
 - BILL OF ATTAINDER ISSUES